



APR 1 2002

The Honorable John Kitzhaber, M.D.
Governor of Oregon
Salem, Oregon 97301-4047

Dear Governor Kitzhaber:

It is with pleasure that I respond to your request for a waiver of statutory and regulatory requirements under the Workforce Investment Act (WIA) in accordance with the Secretary's authority to waive certain requirements of WIA Title I, subtitles B and E and sections 8-10 of the Wagner-Peyser Act. This authority is granted to the Secretary by section 189(i)(4)(A) of the Workforce Investment Act (WIA or the Act), and in the implementing regulations at 20 CFR 661.420.

These waivers grant states flexibility in program design for seamless program delivery and improved customer service, in exchange for accountability and agreed-to programmatic outcomes. We hope that these changes will assist your state in meeting its workforce needs and improving programmatic outcomes at the local level and statewide.

We are pleased to be able to respond positively to your request. The following is the disposition of the state's waiver submission.

Waiver: Subsequent Eligible Training Provider (ETP) Requirements; 18 month subsequent eligibility requirement (WIA Sec. 122(c)(5) and 20 CFR 663.530)

The state's waiver submission (copy enclosed) is requesting a waiver of the time limit on the period of initial eligibility of training providers found at 20 CFR 663.530. Under the waiver, the state proposes to postpone the determination of subsequent year eligibility of training providers until June 30, 2005. The state indicates that the reason for this request is to give Oregon more time to obtain performance data on all eligible providers and to effectively implement the subsequent eligibility determination process. The intent of the waiver is to give the state's program customers more and better choices among training providers. The state believes that the waiver will enhance the implementation of the WIA concepts of consumer choice and accountability. The waiver is written in the format identified in WIA section 189(i)(4)(B) and 20 CFR 661.420(c). Upon review, the state's request, including supplemental information provided by the state on the comment process for the waiver, appears to meet the standard for waiver of requirements relating to key reform principles, as specified at 20 CFR 661.410(c).



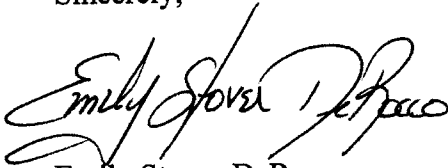
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Accordingly, the state is granted a waiver of the time limit on the period of initial eligibility of training providers at 20 CFR 663.530 to extend the period of initial eligibility for an initial period through June 30, 2004. Although the state had requested a waiver duration through June 30, 2005, the state's request is being approved through the current period of WIA authorization, pending the WIA reauthorization process. The effect of this waiver is to extend the period of initial eligibility of providers through Program Year (PY) 2003, and to have the subsequent eligibility determination process completed in preparation for program operations in PY 2004, beginning July 1, 2004.

The granted waiver is incorporated by reference into the state's WIA Grant Agreement, as provided for under paragraph 3 of the executed Agreement, and also constitutes a modification of Oregon's approved five-year Strategic Plan. A letter is being sent to your state WIA Liaison, which supplements this notification letter and spells out the terms and conditions that apply to the granted waivers. A copy of each letter should be filed with the state's WIA Grant Agreement and the state's approved five-year Plan, as appropriate.

We look forward to continuing our partnership with you and to the achievement of better workforce investment outcomes and the improvement of the lives of many of the residents of Oregon. We are prepared to entertain other state and local-level waiver requests that Oregon may wish to submit, consistent with the provisions of the Act and regulations.

Sincerely,

A handwritten signature in black ink, appearing to read "Emily Stover DeRocco". The signature is fluid and cursive, with the first name "Emily" being the most prominent.

Emily Stover DeRocco
Assistant Secretary

Enclosure



OREGON STATE BOARD OF EDUCATION

DEPARTMENT OF COMMUNITY COLLEGES AND WORKFORCE DEVELOPMENT
255 Capitol St. NE, Salem, OR 97310

December 24, 2001

Ms. Emily DeRocco
Assistant Secretary
Employment and Training Administration
United States Department of Labor
200 Constitution Avenue N.W., Room S2307
Washington, D.C. 20210

Dear Ms. DeRocco:

Enclosed is Oregon's request for a waiver to extend the period of initial eligibility of training providers, as described in the Workforce Investment Act (WIA) Section 122, to allow the state to more fully develop an effective subsequent eligibility process. The elements of the process will be phased in according to the timeline included in the waiver request.

Oregon's need for the waiver is based upon a decision the state made early on in the implementation of the Eligible Training Provider List (ETPL), to maximize customer choice. The state assumed the majority of the data collection burden for the training providers, and made the commitment to collect the required performance data at the state level through existing data and reporting systems. As a result, Oregon has a very extensive ETPL for a small state with a large, rural area with few training providers. There are currently nearly 900 training programs on the ETPL, and the list is growing. This is in contrast to many other states where providers have withdrawn their programs from the ETPL because of the burden of data gathering and reporting. Unfortunately, taking this approach has placed an immense data development and coordination task onto the state itself, and has resulted in the state being behind in implementing the performance reporting requirements.

Oregon fully supports the WIA concepts of consumer choice and program accountability. The requested extension of initial eligibility will allow us to fully implement them in this state.

If you have any questions about the request, please feel free to contact me or Greg White, ETP Project Lead, at 503-378-8648, ext. 465, greg.white@state.or.us.

Thank you for your consideration of our waiver.

Sincerely,

Cam Preus-Braly
Commissioner

C: Betty Lock

CPB\pr

FILE: H/CAM PREUS-BRALY/152

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**STATE OF OREGON
WAIVER REQUEST**

**WORKFORCE INVESTMENT ACT:
SUBSEQUENT ELIGIBILITY OF TRAINING PROVIDERS**

The Oregon Department of Community Colleges and Workforce Development, the state administrative entity for the Workforce Investment Act (WIA), is requesting a waiver to extend the period of initial eligibility of training providers. This delay will give Oregon more time to develop consistent data for all training providers on which to base an effective subsequent eligibility process. Ongoing work will result in elements of the process being implemented according to the schedule outlined in this request.

This waiver request is being written in the format identified in WIA Section 189(i)(4)(B) and WIA Regulations 661.420 (c)

A. Statutory Regulations to be Waived

Oregon requests to waive WIA Section 122 (c)(5) and CFR 663.530, to be permitted to extend the period of initial eligibility of training providers beyond December 31, 2001, according to the schedule below.

B. Goals to be Achieved by the Waiver:

The goals to be achieved by the waiver are to:

- Improve and coordinate the data collection and reporting procedures of training providers;
- Assure that reported data are accurate and verifiable; and
- Allow more time to gather and analyze data to set reasonable criteria for subsequent eligibility.

C. State or Local Statutory or Regulatory Barriers

There are no state or local statutory or regulatory barriers to implementing the requested waiver.

D. Description of Waiver Goals and Programmatic Outcomes

Oregon's Strategies to Maintain a Robust and Diverse ETPL

Oregon agrees with the basic intent behind having a quality, verified list of training providers, from which customers can make informed choices about their training. Because of Oregon's commitment to the concept, we have a very "robust and diverse" Eligible Training Provider List (ETPL). There are currently 895 training programs on our list, which we are proud of, especially for a small state with a large rural area where there are few training providers.

Oregon has maintained the programs and providers on the list largely because Oregon as a state has assumed the majority of the data collection burden for the training providers. The state made the commitment to collect the required performance data at the state level through existing data and reporting systems. The training providers must collect social security numbers and training completion information for the students in each program, but the state will use existing data systems and reports to compile the data necessary to compute the performance of the providers. For example, to verify the data for the employment-related measures, Oregon has chosen to use the Unemployment Insurance (UI) data record, rather than to require providers to gather the data themselves. This is in contrast to many other states where providers have withdrawn their programs from the ETPL because of the burden of data gathering and reporting.

Oregon took this approach to maintain the flexibility and customer choice necessary to provide quality training opportunities for participants. Unfortunately, taking this approach has placed an immense data development and coordination task onto the state itself, and has resulted in the state being behind in implementing the performance reporting requirements.

Need for Waiver

Although Oregon is committed to maintaining an extensive list and a comprehensive consumer report card, Oregon needs more time to implement the system fully. Specific problems are related to the implementation of an effective subsequent eligibility process because of a lack of consistent accurate data.

- There are **five categories of training programs** on Oregon's ETPL. These are community colleges, private career schools, independent colleges and degree-granting institutions, the university system, and apprenticeship programs. Each of these types of institutions has its own separate data reporting system. Most report only annually, and not on the same schedules. Many are self-reported, non-verified reports.

- The Attorney General of Oregon has ruled that specific language be used for individual **voluntary release of information** to allow the use of social security numbers (SSN) for WIA data purposes. Not all training providers in the state are currently using the approved language. This means that even if the SSNs are being collected, they cannot be used as identifiers or for matching with employment-related data in the UI record. Most of the training providers are collecting the SSNs in the approved manner now.
- Even for the providers for which Oregon has good data, the **lag time in UI data reporting** results in not being able to match any of the student records for training completers during PY 2000 until late April of 2002. Most students complete in the last quarter of any Program Year. The definition defines employment as wages >0 in the quarter after completion. For many students, the "quarter after completion" will be the 3rd calendar quarter (July-September). Employment records relevant to determining the numerator could have a date as late as September 30, 2001.

Employers submit UI wage data for a given quarter during the subsequent two full quarters after that quarter's end, and to obtain a reliable employment rate or average wage for a given quarter, it is necessary to wait until after the close of the second quarter following the quarter of interest. Thus, for PY 2000 completers, it is necessary to wait until after March 31, 2002 to get reliable UI wage match information. Several weeks of processing time are the minimum necessary to ensure accurate reporting, and so late April of 2002 would be the soonest Oregon can provide job placement and average wage outcomes for PY 2000.

In short, the above circumstances mean that Oregon will not have good data for all seven required performance measures, from all providers, to be able to determine subsequent eligibility on December 31, 2001, when the period of initial eligibility expires. This could likely leave Oregon out of compliance with the Act. Oregon will have some completion information for some providers, which will be used as described below.

Timeline for Full Implementation

The use of verifiable data for determination of subsequent eligibility will occur as follows:

- Currently available data: Some information is available now.

For community colleges, Oregon currently has completion data for PY 2000 for all students for programs on the ETPL. For private career schools Oregon has self-reported non-verified completion and employment data for PY 2000 for all students for programs on the ETPL. These are the data being supplied to the local areas along with suggested performance goals for the seven required performance measures (see Spirit and Intent of the Act, below).

- December, 2002: Subsequent eligibility data for community colleges and most private career schools

In April, 2002, verifiable employment-related data will be available through UI data match for all the community colleges, nearly 60% of the ETPL (currently, 518 programs). Private career schools report throughout the year, in the month when their licensure is renewed. Performance reporting for the ETPL (including SSNs) will occur at the time of their regular reports, and will build throughout the year. By December of 2002, the next annual date to determine subsequent eligibility, verifiable performance information for the majority of providers on the ETPL will be available, and will be made available to the local areas to make subsequent eligibility decisions.

- December 2003: All other providers

During the period of January – June of 2003 it is expected that all other providers will be able to report the required data elements. By December of 2003 Oregon should be able to conduct a subsequent eligibility process for the entire ETP system.

Spirit and Intent of the Act

Meanwhile, to comply with the spirit and intent of Section 122 of the WIA, Oregon is proceeding with the information that is currently available. Oregon has begun a state/local process to develop state subsequent eligibility guidance to local areas, based on performance goals rather than standards, which will be used until verifiable data are available. Oregon will publish incomplete but verifiable performance information along with self-reported data from some providers. Local areas may use this guidance to conduct subsequent eligibility processes if they wish. Providers will remain eligible until such local processes are instituted.

Oregon's consumer report card will be launched during the first part of 2002. For the report card, Oregon will use the descriptive and cost information from the on-line ETP applications. Available performance information will be included, and performance information for other providers will be added as data becomes available.

How the Requested Delay will Improve the Functioning of the ETPL

The delay will enable Oregon to maintain a robust and diverse ETPL while moving toward building good data on which to 1) provide valuable information for customers to make informed choices about training, and 2) provide good data for local areas to use to make informed decisions about the subsequent eligibility of training providers.

Oregon will continue to accept the data burden at the state level as much as possible. If Oregon were to move forward to require all training providers to assume the entire

burden of collecting and reporting on all aspects of ETP performance, we believe we will lose good providers, as has been the experience in other states. As the data problems are resolved, it will be important to maintain a good ETPL to maximize customer choice.

E. Description of the Individuals Impacted by the Waiver:

All stakeholders and customers involved in WIA Training Services will be positively impacted by the waiver. This includes customers eligible for an ITA, training providers, and Local Workforce Investment Boards.

F. Description of the Process to Monitor Progress

The Commissioner of the Oregon Department of Community Colleges and Workforce Development and staff will monitor progress on the goals and timeline outlined in D., above. In addition, the Oregon Workforce Investment Board (OWIB, the State WIB) has asked for periodic reports on progress made toward developing the subsequent eligibility system.

**STATE OF OREGON
WAIVER REQUEST**

**WORKFORCE INVESTMENT ACT:
SUBSEQUENT ELIGIBILITY OF TRAINING PROVIDERS**

SUPPLEMENTAL INFORMATION

Waiver of Portions of “All Students” Performance Data Requirements

The data-gathering tasks the state has taken on are wide-ranging, and complicated. In order to be able to report verifiable data for all types of training providers, many barriers must be overcome, such as confidentiality, informed consent of students in disclosing Social Security Numbers, and the meshing of independent and differently-configured data systems. These barriers may prevent the state from receiving compatible data on all students from all providers. This is only the case for a small subset of training providers; Oregon fully expects to have data on all WIA participants, and will have “all student” data for the great majority of providers. However, for some, the state may need to develop alternate data such as self-reported or other data and assure verifiability through means other than the UI data record. Oregon will investigate alternate data sources and will consider the cost-benefit of fully reporting all student data for a small number of programs on the ETPL.

Extension of Waiver

In the waiver request, Oregon has proposed a timeline for fully implementing the subsequent eligibility provisions. However, Oregon respectfully requests to extend the duration of the waiver itself for the period of the State Plan, until June 30, 2005. This will accommodate the possibility of collecting all data for all providers.

Description of Public Review Process

Oregon has consistently involved the state workforce board, local workforce boards, business, labor and the public in its efforts to build a successful Eligible Training Provider system. Beginning with the passage of the WIA, Oregon involved stakeholders in the development of the ETP system, and their work resulted in a diverse and robust ETPL.

However, significant difficult issues remained, including developing data for the subsequent eligibility measures and for the consumer report card. Work on these issues began in earnest in January, 2001, when the Department of Community Colleges and Workforce Development (CCWD) undertook a project to fully implement the system. The following timeline illustrates the involvement of stakeholders throughout the remainder of the year.

TIMELINE OF STAKEHOLDER INVOLVEMENT IN ETP DEVELOPMENT, 2001

- February 8 Memo from CCWD Commissioner to stakeholders detailing plan to resolve ETP issues.
- February-March Environmental Scan. Candid conversations were held with providers throughout the state to determine both to evaluate how current policy was working and to better understand the needs of customers and providers. Findings were summarized and widely distributed.
- February 28-March 1 Meeting with Consultant. State staff met with Jeff Padden to discuss possible solutions to Oregon's ETP system challenges.
- March 13 Memo from the Commissioner to stakeholders with preliminary findings from the environmental scan plus solicitation to participate on an ongoing work group.
- March 19 A statewide conference call, with all interested parties invited to participate, was organized explored Oregon's challenges, asked for input to the process, and again invited participation on the ETP Work Group.
- March – December ETP Work Group. This work group was formed to tackle the ETP data and reporting issues facing the state. The group included training providers, local board staff, workforce program providers, and state staff. The group met nearly monthly from April through September, with conference calls in between. Over a period of nine months, this group crafted the data collection and reporting solutions now in place or planned in Oregon. Minutes of the meetings were distributed, and output of the group was posted to the Web page.
- May 10 Packet of Proposals from the ETP Work Group, widely distributed to stakeholders. The packet contained an update memo from the Commissioner, and included products of the work of the ETP Work Group, including draft definitions for Program and Completer, draft definitions of the subsequent eligibility performance measures, and policy proposals for access to training for WIA participants.
- July 18 Meeting of Community College Workforce Strategies group. This group of administrators of community college workforce programs received a PowerPoint presentation of the progress of the ETP Work Group and gave their input to the process.

- July 20 Community College Council of Instructional Administrators meeting. The group was updated on ETP progress and approved the beginning of the development of the Employment Skills Training Program (EST), a new flexible less-than-one-year certificate program to meet the individual needs of WIA participants and others.
- September 11 Planning meeting including Department of Education, CCWD, and community college administrators to develop the EST.
- October 3 Summary report of progress on ETP issues presented to the Community College Workforce Strategies Group.
- October 25 Statewide Action Team (SWAT) presentation. The SWAT, made up of local workforce board staff and service providers, heard a presentation of ETP progress and challenges and the EST.
- October 26 Oregon Workforce Investment Board (OWIB) meeting. Agenda item presented on performance for the subsequent eligibility of training providers. OWIB urged the setting of performance goals for training providers, understood the need for flexibility from DOL.
- October 29 State/Local meeting on subsequent eligibility. Workforce program providers, training providers, local workforce board staff, and state staff met to discuss subsequent eligibility issues. Preliminary data reports were presented. Local representatives agreed to discuss subsequent eligibility with their local boards. Agreed to the principle of setting performance goals. Urged submission of a waiver to DOL.
- November 6 Memo to Local Boards concerning subsequent eligibility was distributed. The lack of data to make good decisions was noted. The memo discussed possible scenarios for local boards to follow and framed preliminary guidance to local boards.
- November 9 The Oregon Workforce Partnership (LWIA Directors) discussed access to training and subsequent eligibility.
- December 14 OWIB meeting, at which placeholder performance goals were adopted. Board was informed about requesting flexibility (waiver) from DOL.
- December 26 Waiver submitted. Notice went to all local board contacts and was posted on the Web site.

Methods of Involvement and Comment

As the waiver was in development, local board staff and local area directors, along with providers and other stakeholders, were updated on the progress, mostly through electronic media (see below). Local boards were encouraged to have discussions concerning subsequent eligibility. The Oregon Workforce Investment Board (OWIB) discussed subsequent eligibility issues at two consecutive meetings. Business and labor were directly informed through the local boards and the state board.

Oregon uses electronic media to reach a wide array of stakeholders. One such method is the Friday Facts, a subscription-based electronic newsletter that is distributed weekly to 564 recipients, including:

- Local and State board members
- Business owners
- Service providers
- Training providers (public and private)
- One-stop operators, and
- Other workforce stakeholders.

When new items are posted on the Web site, it is often noted in Friday Facts. This was the case for the proceedings of the ETP Work Group, ETP policy statements from CCWD, various meeting notices, and the waiver request itself. OWIB agenda packets are posted on the Website approximately ten days before each meeting, including minutes of the previous meeting and materials for discussion at the meeting.

The waiver request itself was distributed to all local workforce boards along with a request for comments. The request and the call for comments have been posted on the Web site since December 26, 2001. No comments have been received to date.